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U.S. Concern to Leave Moscow After Soviets Accuse It of Spying

By a WALL STREET JOURNAL Staff Reporter

PALO ALTO, Calif.—In a move with possible diplomatic implications, California International Trade Corp., a medical equipment company accused by the Soviet government of helping U.S. intelligence agents, said it was closing its Moscow office after 14 years of business there.

Rafael Gregorian, president of the privately held firm, also said he filed a \$320 million lawsuit against the Soviet newspaper, Izvestia, and the Soviet Ministry of Foreign Trade. The suit, filed Jan. 7 in U.S. District Court in Los Angeles, says Izvestia libeled Mr. Gregorian in a November 1984 article that suggested his office was a front operation for U.S. intelligence activities in the Soviet capital.

It also charges the Soviet Trade Minis-

try with unfairly removing California International Trade's accreditation and asking the firm to leave Moscow. Ministry officials also had charged the company with selling items of poor quality at high prices.

Mr. Gregorian, who was born in the Soviet Union 55 years ago, denied all the charges against him and his company. "There is absolutely no evidence that I was connected with any (intelligence) agencies," he said. "I never was—I'm a businessman."

Both Mr. Gregorian and his attorney, Gerald L. Kroll, said the Soviet accusations were prompted by the recent arrest of former Federal Bureau of Investigation agent William Miller on charges of spying for the Soviet Union. "I believe it was direct retaliation for the charges against Miller and others," said Mr. Kroll.

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